

STATE OF SOUTH CAROLINA

**Petition of South Carolina Electric & Gas Company
for an order authorizing the deferral of all capacity
charges incurred as a result of purchasing power
necessary to meet the needs of its customers and
electric system during the 2008-2018 time period**

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

COVER SHEET

DOCKET

NUMBER: 2008 - ____ - E ____

(Please type or print)

Submitted by: K. Chad Burgess

SC Bar Number: 69456

Address: SCANA Corp.
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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ **Emergency Relief demanded in petition** ☐ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:** _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input checked="" type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



June 11, 2008

VIA ELECTRONIC FILING

The Honorable Charles Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29211

RE: Petition of South Carolina Electric & Gas Company for an order authorizing the deferral of all capacity charges incurred as a result of purchasing power necessary to meet the needs of its customers and electric system during the 2008-2018 time period

Dear Mr. Terreni:

Enclosed for filing on behalf of South Carolina Electric & Gas Company is a Petition for an accounting order.

By copy of this letter, we are also serving the South Carolina Office of Regulatory Staff with a copy of the enclosed Petition and attach a certificate of service to that effect.

If you have any questions, please advise.

Very truly yours,



K. Chad Burgess

KCB/kms
Enclosures

cc: Shannon Bowyer Hudson, Esquire
(w/enclosures)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2008 - ____ - E

IN RE:

Petition of South Carolina Electric & Gas Company for an order authorizing the deferral of all capacity charges incurred as a result of purchasing power necessary to meet the needs of its customers and electric system during the 2008 – 2018 time period.)	PETITION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY FOR AN ACCOUNTING ORDER
_____)	

South Carolina Electric & Gas Company (“SCE&G” or the “Company”) hereby files with the Public Service Commission of South Carolina (“Commission”) this petition, pursuant to S.C. Code Ann. § 58-27-1540 (Supp. 2007) and 26 S.C. Code Ann. Reg. 103-825 (1976, as amended), seeking an accounting order for regulatory accounting purposes authorizing SCE&G to defer and record as a regulatory asset all capacity charges incurred as a result of purchasing power during the 2008 – 2018 time period, which is necessary to meet the growing demand for electric power by SCE&G’s customers and to maintain the reliability of the Company’s electric system.

The request for relief set forth herein will not involve a change to any of SCE&G’s retail rates or prices, or require any change in any Commission rule, regulation or policy. In addition, the issuance of the requested accounting order will not prejudice the right of any party to address this issue in a subsequent general rate case proceeding. Accordingly, neither notice to the public at-large, nor a hearing is required regarding this Petition.

In support of this Petition, the Company would respectfully show unto this Commission the following key facts and would request of and apply to the Commission for the following relief:

1. SCE&G is a corporation organized and existing under the laws of the State of South Carolina. Further, SCE&G is, in part, an electric utility engaged in the generation, transmission, distribution, and sale of electricity to the public for consumption. SCE&G's retail electric operations are subject to the jurisdiction of the Commission pursuant to the provisions of Chapter 27 of Title 58 of the South Carolina Code.

2. Corporate legal counsel for SCE&G in this proceeding are as follows:

Catherine D. Taylor, Esquire
K. Chad Burgess, Esquire
South Carolina Electric & Gas Company
1426 Main Street, MC 130
Columbia, South Carolina 29201
Telephone: 803-217-8141
Facsimile: 803-217-7931
cdtaylor@scana.com
chad.burgess@scana.com

All correspondence and any other matters relative to this proceeding should be addressed to the Company's authorized representatives as stated hereinabove.

3. SCE&G operates an integrated electric utility system that serves over 643,000 customers in 24 counties covering nearly 16,000 square miles in central, southern and southwestern portions of South Carolina. SCE&G's service territory includes the metropolitan areas of Charleston, Columbia, Beaufort, and Aiken and many other smaller cities and towns, and rural areas in South Carolina.

4. To meet the demand for energy by its customers, SCE&G operates ten (10) coal-fired fossil fuel units (2,484 megawatts ("MW")), one (1) cogeneration facility (90 MW), eight

(8) combined cycle gas turbine/steam generator units (gas/oil fired, 1,319 MW), eighteen (18) peaking turbines (347 MW), four (4) hydroelectric generating plants (227 MW), and one Pump Storage Facility (576 MW). The total net non-nuclear summer generating capability rating of these facilities is 5,043 MW. In addition, the Company operates the V.C. Summer Nuclear Station which it jointly owns with the South Carolina Public Service Authority. Combining SCE&G's fossil-hydro capacity with its two-thirds interest in the V.C. Summer Nuclear Station, the total net generating capability of all SCE&G facilities is 5,687 MW.

5. On May 28, 2008, SCE&G filed with the Commission its 2008 Integrated Resource Plan ("2008 IRP"), which contains, among other things, information concerning SCE&G's projected loads and resources for the next fifteen (15) years. According to the 2008 IRP, the Company estimates that in order to provide reliable electric service to its customers SCE&G's system will require additional capacity averaging approximately 218 MW each year during the 2008 – 2018 timeframe, exclusive of the need for additional base load capacity in 2016.

6. The 2008 IRP indicates that all of this additional capacity will be supplied as purchased power; however, instances may arise in which SCE&G would not purchase off-system power in a particular year because such a purchase may not be economical and/or beneficial to SCE&G's customers. In these instances, the Company may elect to self-build generation rather than purchase capacity in order to meet the growing demand for electricity.

7. SCE&G has concluded that if it does not make any capacity purchases in the 2008 – 2018 time period, then its reserve margin would fall below the Company's minimum target range of 12% in 2008 and slide to four percent 4% by 2015. In 2016, SCE&G does not anticipate purchasing any additional capacity because the 2008 IRP forecasts the need for 614

MW of additional base load generation. Assuming that new base load capacity is added to the Company's system in 2016 but no additional capacity purchases are made in subsequent years, SCE&G's reserve margin climbs to 13% in 2016 but immediately retreats to 10.7% in 2017 and falls further to 8.5% by 2018.

8. If SCE&G's reserve margin fell to these levels, then the reliability of the Company's electric system would be in jeopardy. Therefore, SCE&G intends to purchase firm capacity and associated energy over the next eleven years beginning in 2008 to ensure that its customers receive reliable electric service and that the Company maintains an adequate reserve margin.¹

9. Below is a table summarizing SCE&G's forecasted capacity purchases beginning in 2008 and ending in 2018. This table also reflects the levels that the Company's reserve margin would reach if the Company did not make any capacity purchases in the 2008 – 2018 time period.

Year	Forecasted Capacity Purchase (MW)	Forecasted Reserve Margin With No Capacity Purchases (%)
2008	100	10.9
2009	25	11.8
2010	125	9.9
2011	250	7.5
2012	375	5.1
2013	225	8.2

¹ By letter dated May 13, 2008, and pursuant to Commission Order No. 2008-68 issued in Docket No. 2008-21-E, SCE&G advised the Commission that it was purchasing 100 MW of capacity and associated energy from Southern Company Services, Inc. in 2008.

2014	325	6.1
2015	450	4.0
2016	0	13.0
2017	75	10.7
2018	225	8.5

10. In anticipation of the multiple capacity purchases necessary to meet the growing demand for electric power by its customers and to maintain the reliability of its electric system, SCE&G seeks authorization from the Commission to defer and record as a regulatory asset all capacity charges incurred as a result of purchasing power in the 2008 - 2018 time period.

WHEREFORE, having set forth its Petition, SCE&G respectfully requests that the Commission issue an order (i) granting the Company the authority to defer and record as a regulatory asset all capacity charges incurred as a result of purchasing power in the 2008 - 2018 time period, which is necessary to meet the growing demand for electric power by its customers and to maintain the reliability of its electric system; and (ii) granting such other and further relief as is just and proper.

[SIGNATURE PAGE FOLLOWS]

Respectfully submitted,

A handwritten signature in black ink, appearing to read "K. Chad Burgess", written over a horizontal line.

Catherine D. Taylor, Esquire
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Attorneys for Petitioner
South Carolina Electric & Gas Company

Columbia, South Carolina
June 11, 2008

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-____-E

IN RE:

Petition of South Carolina Electric & Gas)
Company for an order authorizing the)
deferral of all capacity charges incurred as)
a result of purchasing power necessary to)
meet the needs of its customers and electric)
system during the 2008-2018 time period)
_____)

**CERTIFICATE
OF SERVICE**

This is to certify that I have caused to be served this day one (1) copy of South Carolina Electric & Gas Company's **Petition for an Accounting Order** via U.S. mail to the persons named below at the address set forth:

Shannon Bowyer Hudson, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, SC 29201



Karen M. Scruggs

Columbia, South Carolina
This 11th day of June 2008